

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Clarence Township	County Calhoun
Audit Date 3/31/05	Opinion Date 8/9/05	Date Accountant Report Submitted to State: 1/31/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

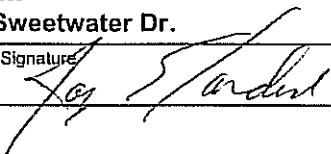
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Cardinal Tepatti & Co., P.C.			
Street Address 11966 Sweetwater Dr.		City Grand Ledge	State MI
Accountant Signature 		ZIP 48837	Date 1/31/06

**CLARENCE TOWNSHIP
CALHOUN COUNTY
AUDIT REPORT
YEAR ENDED MARCH 31, 2005**

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INDEPENDENT AUDITOR'S REPORT

Honorable Board Members
Clarence Township
Albion, MI 48821

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clarence Township, Albion, Michigan, as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Clarence Township, management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Clarence Township, Albion, Michigan, as of March 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, as of March 31, 2005.

The management's discussion and analysis, pages 2 through 4, budgetary comparison information, pages 25 through 27, and combining balance sheet and statement of revenues, expenditures, and changes and fund balance, pages 28 and 29, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of Clarence Township, Albion, Michigan, basic financial statements. The introductory section and schedule of indebtedness are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory section and schedule of indebtedness have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cardinal Tepatti & Co. P.C.

Grand Ledge, Michigan
August 9, 2005

Randall L. Tepatti, *Registered Representative*

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Cardinal Tepatti & Co., P.C. is not an affiliate of NEXT Financial Group, Inc.

**CLARENCE TOWNSHIP
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR YEAR ENDED MARCH 31, 2005**

The management of the Clarence Township, ("the Township") offers this narrative overview and analysis of the financial activities of the Township for the year ended March 31, 2005 for the benefit of the readers of these financial statements. This management's discussion and analysis is intended to assist the reader in focusing on significant financial issues and to provide an overview of the Township's financial activity. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole, which can be found in this report.

Financial Highlights

The Township's assets exceeded its liabilities by \$1,906,847 (net assets) for the current year. This compares to the previous year when assets exceeded liabilities by \$1,892,489.

Total net assets are comprised of the following:

- (1) Capital assets, net of related debt, of \$972,290 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
- (2) Unrestricted net assets of \$934,557 represent the portion available to maintain the Township's continuing obligations to citizens and creditors.

The Township's governmental funds reported total ending fund balance of \$154,360 this year. This compared to the prior year ending fund balance of \$89,442 showing an increase of \$64,918 during the year. The total fund balances were unreserved at each year end.

At the end of the current fiscal year, unreserved fund balance for the General Fund was \$94,662, or 39.5% of total General Fund expenditures including transfers and 37.0% of total General Fund revenues including transfers.

State-shared revenue, the general fund's largest revenue source, was reduced by \$4,874 by the State of Michigan.

Overview of the Financial Statements

The Township's financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The report also contains other supplementary information in addition to the basic financial statements.

For the first time, this report includes government-wide statements as required by GASB Statement Number 34. The government-wide financial statements are designed to provide a broad overview of the Township's financial position. The Statement of Net Assets and the Statement of Activities are two new financial statements that report information about the Township as a whole, and provide measurements of long-term trends. They are presented using a method of accounting that is similar to a private-sector business.

The Statement of Net Assets presents information on all of the Township's assets and liabilities, the difference between the two being reported as the Net Assets of the Township. Over time, increases or decreases in net assets can serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The Statement of Activities gives the information on the revenues and expenses causing the underlying change in the government's net assets during the most recent year. All changes in net assets are reported as soon as the change occurs, regardless of the timing of related cash flows.

The government-wide financial statements can be found on pages 5 and 6 of this report.

Focus on Funds

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Township are categorized as governmental funds.

The Township has three kinds of funds:

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide information to facilitate this comparison between governmental funds and governmental activities.

The Township maintains four individual governmental funds. Information for these funds are presented in the fund balance sheets and fund statements of revenue, expenditures, and changes in fund balances. The general fund is considered to be a major fund and the three capital project funds are considered to be non-major funds.

The Township adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund in the required supplementary information.

Proprietary funds are reported in the fund financial statements and generally report services for which the Township charges customers a fee. The Township only has one kind of proprietary fund, this is an enterprise fund. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Township organization such as sewer utilities.

Proprietary fund statements provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail for the sewer fund.

Fiduciary funds such as the cemetery trust fund are reported in the fiduciary fund financial statements, but are excluded from government-wide reporting. Fiduciary fund financial statements report resources that are not available to fund Township programs. Fiduciary fund financial statements report similarly to proprietary funds.

The basic governmental, proprietary, and fiduciary fund financial statements can be found on pages 7 through 15 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 through 24 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Township's general fund budget on pages 25 through 27 and combining statements for non-major funds on pages 28 and 29.

Condensed Financial Information

The table below compares key financial information in condensed format:

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 158,793	\$ 93,632	\$ 252,425
Investments		122,844	122,844
Receivables - Net	12,603	519,065	531,668
Prepaid Insurance	3,637	3,637	7,274
Assets Restricted by Bond Indentures		63,648	63,648
Capital Assets - Net	86,784	1,345,546	1,432,330
Total Assets	261,817	2,148,372	2,410,189
LIABILITIES			
Accounts Payable	3,036	33,048	36,084
Accrued and Other Liabilities	1,508	5,750	7,258
Noncurrent Liabilities			0
Due Within One Year		35,000	35,000
Due in More Than One Year		425,000	425,000
Total Liabilities	4,544	498,798	503,342
NET ASSETS			
Invested in Capital Assets	86,744	885,546	972,290
Unrestricted	170,529	764,028	934,557
Total Net Assets	\$ 257,273	\$ 1,649,574	\$ 1,906,847
REVENUE			
Property Taxes	\$ 134,114	\$	\$ 134,114
State Shared Revenues	135,155		135,155
Investment Earnings	470	17,098	17,568
Miscellaneous	15,404		15,404
Charges for Services	32,995	121,716	154,711
Total Revenue	318,138	138,814	456,952
EXPENSES			
Township Services	248,174		248,174
Sewer Service		194,420	194,420
Total Expenditures	248,174	194,420	442,594
CHANGE IN NET ASSETS	\$ 69,964	\$ (55,606)	\$ 14,358

Contacting the Township

This financial report is designed to provide the wide variety of users of this document with a general overview of the Township's finances and demonstrate the Township's accountability for the money entrusted to it. If you have any questions regarding this report or need additional financial information, please direct your requests to the Clarence Township, 27052 R Drive North, Albion, Michigan 49224.

**CLARENCE TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2005**

	Governmental Activities	Primary Government Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 158,793	\$ 93,632	\$ 252,425
Investments		122,844	122,844
Receivables - Net	12,603	519,065	531,668
Prepaid Insurance	3,637	3,637	7,274
Assets Restricted by Bond Indentures		63,648	63,648
Capital Assets - Net	86,784	1,345,546	1,432,330
	<u>261,817</u>	<u>2,148,372</u>	<u>2,410,189</u>
LIABILITIES			
Accounts Payable	3,036	33,048	36,084
Accrued and Other Liabilities	1,508	5,750	7,258
Noncurrent Liabilities			
Due Within One Year		35,000	35,000
Due in More Than One Year		425,000	425,000
	<u>4,544</u>	<u>498,798</u>	<u>503,342</u>
NET ASSETS			
Invested in Capital Assets	86,744	885,546	972,290
Restricted for Debt Service		63,648	63,648
Unrestricted	170,529	700,380	870,909
	<u>257,273</u>	<u>1,649,574</u>	<u>1,906,847</u>
Total Net Assets	<u>\$ 257,273</u>	<u>\$ 1,649,574</u>	<u>\$ 1,906,847</u>

The notes to the financial statements are an integral part of this statement.

**CLARENCE TOWNSHIP
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2005**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government	
					Governmental Activities	Business-type Activities
Primary Government						Total
Governmental Activities:						
General Government	\$ 172,046	\$ 10,610	\$	\$	\$ (161,436)	\$ (161,436)
Public Safety	74,666	22,385			(52,281)	(52,281)
Public Works	1,462		4,925		3,463	3,463
Total Governmental Activities	248,174	32,995	4,925	-0-	(210,254)	(210,254)
Business-type Activities - Sewer	194,420	121,716	-0-	-0-		(72,704)
Total Primary Government	\$ 442,594	\$ 154,711	\$ 4,925	\$ -0-	(210,254)	(282,958)
General Revenues:						
Property Taxes					134,114	134,114
State-Shared Revenues					135,155	135,155
Unrestricted Investment Earnings					470	17,098
Franchise Fees					1,287	1,287
Miscellaneous					7,555	7,555
Transfers					1,637	1,637
Total General Revenues and Transfers					280,218	17,098
Change in Net Assets					69,964	(55,606)
Net Assets - April 1					187,309	1,458,247
Prior Period Adjustment						246,933
Net Assets - March 31					\$ 257,273	\$ 1,649,574
					\$	\$ 1,906,847

The notes to the financial statements are an integral part of this statement.

**CLARENCE TOWNSHIP
GOVERNMENTAL FUNDS
BALANCE SHEET
MARCH 31, 2005**

	<u>General</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 88,922	\$ 63,698	\$ 152,620
Receivables:			
Taxes	12,492		12,492
Accounts	111		111
Due From Other Funds	<u>6,173</u>		<u>6,173</u>
Total Assets	<u>\$ 107,698</u>	<u>\$ 63,698</u>	<u>\$ 171,396</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts Payable	\$ 3,036	\$	\$ 3,036
Accrued and Other Liabilities	1,508		1,508
Deferred Revenues	<u>12,492</u>		<u>12,492</u>
Total Liabilities	<u>17,036</u>	<u>-0-</u>	<u>17,036</u>
FUND EQUITY			
Fund Balance - Unreserved	<u>94,662</u>	<u>59,698</u>	<u>154,360</u>
Total Fund Equity	<u>94,662</u>	<u>59,698</u>	<u>154,360</u>
Total Liabilities and Fund Equity	<u>\$ 111,698</u>	<u>\$ 59,698</u>	<u>\$ 171,396</u>

The notes to the financial statements are an integral part of this statement

**CLARENCE TOWNSHIP
GOVERNMENTAL FUNDS
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL
FUNDS TO STATEMENT OF NET ASSETS
MARCH 31, 2005**

Total fund balance -Total governmental funds	\$ 154,360
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and are not reported in the governmental fund financial statements.	245,908
Accumulated depreciation has not been included in the governmental fund financial statements.	(159,124)
Certain receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds.	12,492
Prepaid items are not available to pay current-period expenditures and, therefore, not reported in the funds.	<u>3,637</u>
Net assets of governmental activities	\$ <u><u>257,273</u></u>

The notes to financial statements are an integral part of this statement.

**CLARENCE TOWNSHIP
GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2005**

	General	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES			
Taxes	\$ 76,409	\$ 51,974	\$ 128,383
State Grants	135,155	4,925	140,080
Licenses & Permits	23,672		23,672
Charges for Services	5,810		5,810
Interest & Rentals	5,095	175	5,270
Other Revenue	7,555		7,555
	<u>253,696</u>	<u>57,074</u>	<u>310,770</u>
Total Revenues			
EXPENDITURES			
Current:			
General Government	169,658		169,658
Public Safety	74,229		74,229
Public Works	-0-	1,462	1,462
Capital Outlay	2,140		2,140
	<u>246,027</u>	<u>1,462</u>	<u>247,489</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>7,669</u>	<u>55,612</u>	<u>63,281</u>
Other Financing Sources (Uses)			
Operating Transfers In	<u>1,637</u>		<u>1,637</u>
Total Other Financing Sources (Uses)	<u>1,637</u>	<u>-0-</u>	<u>1,637</u>
Net Change in Fund Balances	9,306	55,612	64,918
Fund Balance - April 1	<u>85,356</u>	<u>4,086</u>	<u>89,442</u>
Fund Balance - March 31	<u>\$ 94,662</u>	<u>\$ 59,698</u>	<u>\$ 154,360</u>

The notes to the financial statements are an integral part of this statement

**CLARENCE TOWNSHIP
GOVERNMENTAL FUNDS
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2005**

Net Change in Fund Balance - Total Governmental Funds	\$ 64,918
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.	
Capital asset purchases capitalized	2,140
Depreciation expense	(3,216)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	
Property taxes	5,732
Prepaid items reduce expenses reported in the statement of activities, but are reported as expenditures in the governmental funds because they require the use of current financial resources.	
	<u>390</u>
Change in Net Assets of Governmental Activities	\$ <u><u>69,964</u></u>

The notes to financial statements are an integral part of this statement.

**CLARENCE TOWNSHIP
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
MARCH 31, 2005**

	<u>Enterprise- Sewer Fund</u>
ASSETS	
CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 93,632
Investments - At Cost	122,844
Receivables:	
Special Assessment Receivable - Current	27,077
Prepaid Expenses	<u>3,637</u>
Total Current Assets	247,190
NONCURRENT ASSETS:	
Restricted Assets:	
Cash and Cash Equivalents	63,648
Due From County	304,878
Special Assessment Receivable	187,110
Capital Assets	<u>1,345,546</u>
Total Noncurrent Assets	<u>1,901,182</u>
Total Assets	2,148,372
LIABILITIES	
CURRENT LIABILITIES:	
Accounts Payable	33,048
Accrued Interest Payable	5,750
Current Portion - Long Term Debt	<u>35,000</u>
Total Current Liabilities	73,798
NONCURRENT LIABILITIES:	
Long-term Debt - Net of Current Portion	<u>425,000</u>
Total Noncurrent Liabilities	498,798
NET ASSETS	
Investment in Capital Assets - Net of Related Debt	885,546
Restricted for Debt Service	63,648
Unrestricted	<u>700,381</u>
Total Net Assets	<u>\$ 1,649,574</u>

The notes to the financial statements are an integral part of this statement

**CLARENCE TOWNSHIP
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2005**

	<u>Enterprise Sewer Fund</u>
OPERATING REVENUES:	
Charges for Services	\$ 114,674
Other Revenue	<u>7,042</u>
Total Operating Revenues	<u>121,716</u>
OPERATING EXPENSES:	
Cost of Sewage Treatment	104,124
Billing and Administrative Costs	14,527
Depreciation	<u>51,456</u>
Total Operating Expenses	<u>170,107</u>
OPERATING LOSS	<u>(48,391)</u>
NONOPERATING REVENUE (EXPENSES)	
Interest Received on Special Assessments	12,096
Interest Revenue	5,002
Interest Expense & Fiscal Charges	<u>(24,313)</u>
Total Nonoperating Revenues (Expenses)	<u>(7,215)</u>
CHANGE IN NET ASSETS	(55,606)
NET ASSETS - APRIL 1	1,458,247
PRIOR PERIOD ADJUSTMENT	<u>246,933</u>
NET ASSETS - MARCH 31	\$ <u><u>1,649,574</u></u>

The notes to financial statements are an integral of this statement

**CLARENCE TOWNSHIP
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2005**

	<u>Enterprise Sewer Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received From Customers	\$ 119,537
Cash Payments for Goods & Services	(109,692)
Cash Payments to Employees	<u>(9,313)</u>
Net Cash Provided by Operating Activities	<u>532</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Collection of Special Assessments	32,746
Principal Paid on Revenue Bonds	(35,000)
Interest Paid on Revenue Bonds	(24,750)
Reduction of Due From Other Funds	41,246
Reduction of Due From County	<u>29,658</u>
Net Cash Provided by Capital and Related Financing Activities	<u>43,900</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received on Special Assessments	12,096
Interest on Investments	5,002
Purchase of Equipment	(25,122)
Sale of Equipment	751
Purchase of Investments	<u>(3,844)</u>
Net Cash Used in Investing Activities	<u>(11,117)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	33,315
CASH AND CASH EQUIVALENTS - APRIL 1	<u>123,965</u>
CASH AND CASH EQUIVALENTS - MARCH 31	<u><u>\$ 157,280</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (48,391)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities	
Depreciation	51,456
(Increase) Decrease in Prepaid Expenses	(390)
Increase (Decrease) in Accounts Payable	<u>(2,143)</u>
Total Adjustments	<u>48,923</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 532</u></u>

The notes to financial statements are an integral of this statement

**CLARENCE TOWNSHIP
FIDUCIARY FUNDS
STATEMENT OF NET ASSETS
MARCH 31, 2005**

	Cemetery Trust
ASSETS	
Cash and cash equivalents	\$ 6,253
Investments	<u>50,000</u>
Total Assets	56,253
LIABILITIES AND NET ASSETS	
LIABILITIES	
Due to Other Funds	-0-
NET ASSETS	
Reserved	<u>56,253</u>
Total Net Assets	\$ <u><u>56,253</u></u>

The notes to financial statements are an integral of this statement

**CLARENCE TOWNSHIP
FIDUCIARY FUNDS
STATEMENT OF CHANGES IN NET ASSETS
MARCH 31, 2005**

ADDITIONS	
Cemetery Lot Sales	\$ 1,050
Investment Income - Interest	<u>1,654</u>
Total Additions	2,704
DEDUCTIONS	
Transfers	<u>1,637</u>
Change in Net Assets	1,067
Net Assets - April 1	<u>55,186</u>
Net Assets - March 31	<u>\$ 56,253</u>

The notes to financial statements are an integral of this statement

**CLARENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Clarence Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant policies used by Clarence Township:

The Reporting Entity

Clarence Township governed by an elected five-member Board of Trustees. The accompanying general purpose financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. These criteria include oversight responsibility, scope of public service, and special financing relationships. In accordance with generally accepted accounting principles, there are no components units to be included in these financial statements.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, generally financed in whole or in part with fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund Financial Statements

The Township segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental activities. These statements present each major fund as a separate column on the fund financial statements.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balance of current resources. The Township has presented the following governmental funds:

General Fund – The general fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The general fund is the Township's only major governmental fund.

**CLARENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

Capital Improvement Funds – These funds are used to account for financial resources to be used for the construction or improvement of major capital facilities (other than those financed by proprietary funds, special assessment funds, and trust funds).

The Township reports the following major proprietary funds:

Sewer Funds – The Sewer Funds account for the activities of the sewage distribution system. This fund financed primarily by a user charge for the provision of those services.

Additionally, the Township reports the following fund types:

Fiduciary Funds – Fiduciary funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, organizations, other governments, or other finds. These include the Cemetery Trust and Tax Collection Funds. These funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Nonmajor Governmental Fund – The nonmajor governmental fund consists of the Capital Improvement Funds. These funds are used to account for the development of capital facilities other than those financed by the operations of an Enterprise Fund.

Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgements are recorded only when payment is due.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with standards of the Governmental Accounting Standards Board.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

**CLARENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for services. The Sewer Operations Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Bank Deposits and Investments

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity date within three months or less when acquired.

Receivables and Payables

In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent on March 1st of the following year, at which time penalties and interest are assessed.

Inventories and Prepaid Items

Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Interest incurred during construction of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CLARENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 50 years
Furniture and Fixtures	5 to 20 years
Machinery & Equipment	4 to 10 years
Sewer System	50 years
Vehicles	10 years

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Accounting Change

Effective March 31, 2004, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows: A Management's Discussion and Analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included. Entity-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.

**CLARENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONT'D

The following table shows beginning net assets restated for the effects of implementation of GASB Statement No. 34:

Township Governmental Fund Balance at March 31, 2004	\$ 89,442
Net Capital Assets	87,860
Receivables Deferred in Funds	6,760
Prepaid Expenses	<u>3,247</u>
Restated Net Assets – March 31, 2005	<u>\$187,309</u>

Property Taxes

The Township property tax is levied on each December 1, on the State taxable valuation of property located in the Township as of the preceding December 31st.

Although the Township 2004 ad valorem tax is levied and collectible on December 31, 2004 it is the Township's policy to recognize revenue from this year's tax levy.

The 2004 State Equalized Valuation of the Township totaled \$86,168,290 and the State Taxable Valuation was \$58,822,136, on which ad valorem taxes levied consisted of .9497 mills and raising \$55,750 for Township operations.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget Policies

Annual budgets are adopted on a basis consistent with generally accepted accounting principles and State Law for the general fund and special revenue funds. All annual appropriations lapse at fiscal year end. Encumbrances are not employed.

The budget document presents information by fund and function. The legal level of budgetary control adopted by the governing body (i.e., the level at which expenditures may not legally exceed appropriations) is the activity level. Expenditures in excess of amounts budgeted are a violation of Michigan Law. State law permits entities to amend their budgets during the year. There were no significant amendments during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds

Fund	Appropriated	Expended	Variance
General Fund:			
General Government:			
Clerk	\$ 35,940	\$ 37,126	\$ (1,186)
Cemetery	22,275	23,357	(1,082)

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CASH

Michigan Compiled Laws, section 129.91, authorizes the Township to make deposits and invest in the accounts of the federally insured banks, credit unions, and savings and loan associations which have offices in Michigan. The Township is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government or federal agency obligations; repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Township Board has designated two banks for deposit of Township funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investments in bank accounts and CDs, but not the remainder of State statutory Township as listed above.

The Township's deposits and investment policy are in accordance with statutory authority.

At year-end, the Local Unit's deposits and investments were reported in the following categories:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and Cash Equivalents	\$158,793	\$ 93,632	\$ 6,253	\$ 258,678
Investments	<u> </u>	<u>122,844</u>	<u>50,000</u>	<u>172,844</u>
Total	<u>\$158,793</u>	<u>\$216,476</u>	<u>\$56,253</u>	<u>\$ 431,522</u>

The Breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts)	\$258,678
Investments in certificates of deposit	<u>172,844</u>
Total	<u>\$431,522</u>

The bank balance of the primary government's deposits is \$502,546, of which \$199,000 is covered by federal depository insurance.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the Local Governmental Unit or its agent in the government's name;
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name; and
3. Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the Local Governmental Unit's name.

**CLARENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

At year-end, the government's investment balances were categorized as follows:

	Category			Reported Amount (Fair Value)
	1	2	3	
Certificates of Deposit	<u>\$172,844</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$172,844</u>

NOTE 4 – RECEIVABLES

Receivables as of year-end for the government's individual major and nonmajor funds, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Sewer Fund	Non-Major and Other Funds	Total
Taxes Receivable	\$12,492	\$	\$	\$12,492
Accounts	111			111
Special Assessments		<u>214,187</u>		<u>214,187</u>
Net Receivables	<u>\$12,603</u>	<u>\$214,187</u>	<u>\$ -0-</u>	<u>\$226,790</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

Taxes	<u>Unavailable</u> <u>\$12,492</u>
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NOTE 5 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Tax Collection	<u>\$6,173</u>

These balances result from the time lag between the dates that goods and services are provided and reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers reported in the fund financial statements are comprised of the following:

Fund Providing Resources	Fund Receiving Resources	Amount
Cemetery Trust	General Fund	<u>\$1,637</u>

**CLARENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 6 – CAPITAL ASSETS

Capital asset activity of the primary unit for the current year was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Government Activities				
Capital Assets Not Being Depreciated				
Land	\$ 2,000	\$	\$	\$ 2,000
Capital Assets Being Depreciated				
Buildings	159,000			159,000
Furniture and Fixtures	<u>82,768</u>	<u>2,140</u>		<u>84,908</u>
Subtotal	241,768	2,140	-0-	243,908
Less Accumulated Depreciation	<u>155,908</u>	<u>3,216</u>		<u>159,124</u>
Net Capital Assets Being Depreciated	<u>85,860</u>	<u>(1,076)</u>	<u>-0-</u>	<u>84,784</u>
Governmental Activities Total				
Capital Assets-Net of Depreciation	<u>\$ 87,860</u>	<u>\$ (1,076)</u>	<u>\$ -0-</u>	<u>\$ 86,784</u>
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 118,712	\$	\$	\$ 118,712
Capital Assets Being Depreciated				
Buildings	12,106			12,106
Sewer System	2,447,887			2,447,887
Equipment	<u>77,746</u>	<u>25,122</u>	<u>9,476</u>	<u>93,392</u>
Subtotal	2,537,739	25,122	9,476	2,553,385
Less Accumulated Depreciation	<u>1,283,820</u>	<u>51,455</u>	<u>9,476</u>	<u>1,326,551</u>
Net Capital Assets Being Depreciated	<u>1,253,919</u>	<u>(26,333)</u>	<u>752</u>	<u>1,226,834</u>
Business Type Activities Total				
Capital Assets-Net of Depreciation	<u>\$1,372,631</u>	<u>\$ (26,333)</u>	<u>\$ 752</u>	<u>\$ 1,345,546</u>

Depreciation expense was charged to programs as follows:

Governmental Activities:	
General Government	<u>\$ 3,216</u>
Business-type Activities:	
Sewer	<u>\$ 51,455</u>

**CLARENCE TOWNSHIP
NOTES TO FINANCIAL STATEMENTS**

NOTE 7 – RESTRICTED ASSETS

Certain proprietary funds report restricted assets for cash deposited in bank accounts legally restricted for specified uses such as the payment of fiscal fees on long-term debt or mortgage loans.

NOTE 8 - LONG-TERM DEBT

Included in the business-type activities are special assessment bonds that were issued November 23, 1977. These bonds totaling \$996,000, were used to construct a sewage treatment system. The Township pledged its full faith and credit for payment. These bonds are payable over 40 years with interest at 5.0%.

Total interest incurred for the Township for the year was \$24,313.

Long-term obligation activity can be summarized as follows:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Business-type Activity						
Special Assessment Bonds						
1977 sewage disposal						
Bonds	5.000%	11-1-17	\$495,000	(\$35,000)	\$460,000	\$35,000

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End March 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 35,000	\$ 23,000
2007	35,000	21,250
2008	35,000	19,500
2009	35,000	17,750
2010	40,000	16,000
Thereafter	280,000	56,000
Total	<u>\$ 460,000</u>	<u>\$ 153,500</u>

NOTE 9 - RISK FINANCING

The Township is exposed to various risks of loss related to theft of, damage to, and distribution of assets; errors and omissions; and injuries to employees. The Township purchases insurance from independent third parties for claims relating to general liability, excess liability, auto liability, errors and omissions, physical damage (equipment, building and contents) and workers' compensation. Settlement amounts have not exceeded insurance coverage for the current or three prior years.

NOTE 10 – PRIOR PERIOD ADJUSTMENT

The Sewer Fund retained earnings was adjusted by \$246,933 to restate deferred revenues on special assessments receivable.

CLARENCE TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED MARCH 31, 2005

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavor)
Revenues:				
Taxes:				
Current Taxes	\$ 54,240	\$ 56,200	\$ 50,759	\$ (5,441)
Administrative Fee	24,500	25,100	21,243	(3,857)
Penalties and Interest	400	200	450	250
Special Assessments	2,100	2,100	3,957	1,857
	<u>81,240</u>	<u>83,600</u>	<u>76,409</u>	<u>(7,191)</u>
State Grants:				
State Shared Revenue	139,000	135,000	135,155	155
Licenses and Permits:				
Construction Permits	18,600	20,600	22,385	1,785
Cable TV Franchise Fees	1,300	1,300	1,287	(13)
	<u>19,900</u>	<u>21,900</u>	<u>23,672</u>	<u>1,772</u>
Charges for Services:				
Cemetery Grave Openings	3,000	3,000	4,760	1,760
Cemetery Lot Sales	600	900	1,050	150
	<u>3,600</u>	<u>3,900</u>	<u>5,810</u>	<u>1,910</u>
Interest and Rentals:				
Interest	300	120	295	175
Hall Rental	3,000	4,000	4,800	800
	<u>3,300</u>	<u>4,120</u>	<u>5,095</u>	<u>975</u>
Other Revenue	2,270	1,170	7,555	6,385
Total Revenues	<u>249,310</u>	<u>249,690</u>	<u>253,696</u>	<u>4,006</u>
Expenditures:				
Current:				
General Government:				
Legislative:				
Salaries	3,900	3,570	3,553	17
Supervisor:				
Salary	9,155	9,155	9,151	4
Expenses & Supplies	220	150	113	37
	<u>9,375</u>	<u>9,305</u>	<u>9,264</u>	<u>41</u>
Election:				
Salary	2,300	2,100	2,036	64
Publications & Supplies	1,600	1,065	1,051	14
	<u>3,900</u>	<u>3,165</u>	<u>3,087</u>	<u>78</u>
Assessor:				
Salaries	15,560	15,560	15,548	12
Expenses & Supplies	1,000	1,000	718	282
	<u>\$ 16,560</u>	<u>\$ 16,560</u>	<u>\$ 16,266</u>	<u>\$ 294</u>

The notes to financial statements are an integral of this statement

CLARENCE TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED MARCH 31, 2005

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavor)</u>
General Government (cont'd):				
Clerk:				
Salaries	\$ 12,460	\$ 12,540	\$ 12,394	\$ 146
Postage	3,000	3,300	3,678	(378)
Publications & Supplies	6,600	4,000	4,256	(256)
Professional	9,500	13,000	13,673	(673)
Dues & Subscriptions	1,500	1,500	1,536	(36)
Conferences & Workshops	1,000	500	420	80
Miscellaneous	900	1,100	1,169	(69)
	<u>34,960</u>	<u>35,940</u>	<u>37,126</u>	<u>(1,186)</u>
Board of Review:				
Salaries	<u>1,200</u>	<u>1,200</u>	<u>850</u>	<u>350</u>
Treasurer:				
Salaries	14,080	14,080	13,954	126
Supplies & Expenses	<u>700</u>	<u>600</u>	<u>537</u>	<u>63</u>
	<u>14,780</u>	<u>14,680</u>	<u>14,491</u>	<u>189</u>
Township Hall:				
Salaries	23,700	24,730	24,504	226
Telephone	2,510	3,500	3,374	126
Office & Maint. Supplies	900	800	1,183	(383)
Janitorial & Lawn Care	3,500	3,100	2,843	257
Repairs & Maintenance	3,650	3,865	3,901	(36)
Utilities	4,755	4,650	4,226	424
Miscellaneous	<u>2,000</u>	<u>2,500</u>	<u>2,425</u>	<u>75</u>
	<u>41,015</u>	<u>43,145</u>	<u>42,456</u>	<u>689</u>
Miscellaneous Expenses:				
Road Improvements	-0-	-0-	177	(177)
Drain-at-Large	4,300	5,400	5,398	2
Street Lighting	2,000	2,000	1,958	42
Locke's Recycling	2,000	2,100	2,078	22
Miscellaneous	6,295	5,305	-0-	5,305
Insurance	<u>9,100</u>	<u>9,650</u>	<u>9,597</u>	<u>53</u>
	<u>23,695</u>	<u>24,455</u>	<u>19,208</u>	<u>5,247</u>
Cemetery:				
Sexton Salary	4,525	4,525	4,521	4
Lawn Care	12,000	12,050	12,040	10
Grave Opening & Closing	3,000	3,400	4,575	(1,175)
Maintenance	<u>1,000</u>	<u>2,300</u>	<u>2,221</u>	<u>79</u>
	<u>\$ 20,525</u>	<u>\$ 22,275</u>	<u>\$ 23,357</u>	<u>\$ (1,082)</u>

The notes to financial statements are an integral of this statement

CLARENCE TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED MARCH 31, 2005

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavor)
Public Safety:				
Fire Protection:				
Fixed Cost	\$ 18,500	\$ 18,500	\$ 18,500	\$ -0-
Runs	<u>34,000</u>	<u>27,500</u>	<u>27,450</u>	<u>50</u>
	<u>52,500</u>	<u>46,000</u>	<u>45,950</u>	<u>50</u>
State Construction Code				
Enforcement:				
Salaries & Fees	20,900	24,700	24,722	(22)
Conferences and Workshops	1,200	1,250	1,223	27
Expenses	<u>1,000</u>	<u>1,500</u>	<u>1,469</u>	<u>31</u>
	<u>23,100</u>	<u>27,450</u>	<u>27,414</u>	<u>36</u>
Planning Commission:				
Salaries	1,700	1,250	865	385
Expenses	<u>100</u>	<u>100</u>	<u>-0-</u>	<u>100</u>
	<u>1,800</u>	<u>1,350</u>	<u>865</u>	<u>485</u>
Capital Outlay	<u>2,000</u>	<u>2,200</u>	<u>2,140</u>	<u>60</u>
Total Expenditures	<u>249,310</u>	<u>251,295</u>	<u>246,027</u>	<u>5,268</u>
Excess of Revenues Over (Under) Expenditures	<u>-0-</u>	<u>(1,605)</u>	<u>7,669</u>	<u>9,274</u>
Other Financing Sources (Uses):				
Operating Transfers In	-0-	1,700	1,637	(63)
Operating Transfers Out	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>-0-</u>	<u>1,700</u>	<u>1,637</u>	<u>(63)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	<u>\$ -0-</u>	<u>\$ 95</u>	9,306	<u>\$ 9,211</u>
Fund Balances - April 1			<u>85,356</u>	
Fund Balances - March 31			<u>\$ 94,662</u>	

The notes to financial statements are an integral of this statement

**CLARENCE TOWNSHIP
OTHER SUPPLEMENTAL INFORMATION
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2005**

	Fire Equipment & Replacement Fund	Road Fund I	Equipment Fund	Totals
ASSETS				
Cash and Cash Equivalents	\$ 52,072	\$ 6,164	\$ 5,462	\$ 63,698
 Total Assets	 <u>\$ 52,072</u>	 <u>\$ 6,164</u>	 <u>\$ 5,462</u>	 <u>\$ 63,698</u>
 LIABILITIES AND FUND BALANCES				
Fund Balance - Unreserved	\$ 52,072	\$ 6,164	\$ 1,462	\$ 59,698
 Total Liabilities and Fund Balances	 <u>\$ 52,072</u>	 <u>\$ 6,164</u>	 <u>\$ 1,462</u>	 <u>\$ 59,698</u>

The notes to financial statements are an integral of this statement

CLARENCE TOWNSHIP
OTHER SUPPLEMENTAL INFORMATION
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED MARCH 31, 2005

	Fire Equipment & Replacement Fund	Road Fund I	Equipment Fund	Totals
Revenues:				
Taxes	\$ 51,974	\$	\$	\$ 51,974
State Grants		4,925		4,925
Interest	98	51	26	175
Total Revenues	<u>52,072</u>	<u>4,976</u>	<u>26</u>	<u>57,074</u>
Expenditures:				
Public Works	<u>-0-</u>	<u>-0-</u>	<u>1,462</u>	<u>1,462</u>
Total Expenditures	<u>-0-</u>	<u>-0-</u>	<u>1,462</u>	<u>1,462</u>
Excess of Revenues Over (Under) Expenditures	52,072	4,976	(1,436)	55,612
Fund Balances - April 1	<u>-0-</u>	<u>1,188</u>	<u>2,898</u>	<u>4,086</u>
Fund Balances - March 31	<u>\$ 52,072</u>	<u>\$ 6,164</u>	<u>\$ 1,462</u>	<u>\$ 59,698</u>

The notes to financial statements are an integral of this statement